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C O N F I D E N T I A L SECTION 01 OF 09 BEIJING 000523

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SUBJECT: A/S HILL MEETS WITH HE YAFEI, RAISES BILATERAL,
GLOBAL ISSUES OF CONCERN

REF: A. BEIJING 473
[1](#)B. BEIJING 328
[1](#)C. BEIJING 188
[1](#)D. BEIJING 410
[1](#)E. STATE 5579

Classified By: Deputy Chief of Mission David S. Sedney. Reasons 1.4 (b
/d).

Summary

[1](#)1. (C) Relations between the United States and China advanced significantly in 2006 and both sides should work together to take advantage of more challenges and opportunities in 2007, Assistant Foreign Minister (AFM) He Yafei told EAP Assistant Secretary (A/S) Christopher Hill January 21. On the bilateral front, AFM He pushed for meetings between President Bush and President Hu at the G-8 Summit in June and the September APEC Summit in Sydney. The AFM and A/S Hill agreed on the importance of the upcoming Senior Dialogue and that we should expand and deepen its attendant sub-dialogues. AFM He expressed concern that the new Congress could try to restrict bilateral trade and be less open to expanding free trade. Stressing that China must do more to allay U.S. concerns about trade, A/S Hill noted the value of engaging with Congress. Emphasizing the importance of progress on human rights issues, A/S Hill reiterated Democracy and Human Rights Assistant Secretary Lowenkron's invitation to Assistant Foreign Minister Cui Tiankai to come to Washington for discussions on human rights issues. Rounding out the bilateral topics, A/S Hill and AFM He also discussed law enforcement and counterterrorism issues, North Koreans in China and Taiwan.

[1](#)2. Summary continued: On global issues, noting that the North Korea nuclear issue colors the United States-China relationship, A/S Hill stressed the importance of rapid progress at the Six-Party Talks. AFM He presented China's views on Asian architecture while stressing that Beijing recognizes the importance of the U.S. role in Asia. A/S Hill emphasized that that the United States and China must do a better job to project an image of cooperation in Asia, so that countries in the area never feel they must choose between good relations with one or the other. In

response to AFM He's pledge that China will continue to be "constructive" on Sudan, A/S Hill stressed the importance of following through on the discussions with Special Envoy Natsios while cautioning the PRC not to believe everything Khartoum says. On Iran, A/S Hill underscored the benefits of the United States and China taking a common approach in the run-up to February 21 release of the International Atomic Energy Agency report. A/S Hill and AFM He also discussed the way forward on Burma and the renewal of the UN Stabilization Mission in Haiti (MINUSTAH). The discussion of China's ASAT test is reported ref A. End Summary.

Bilateral Ties and High-Level Exchanges

¶3. (C) AFM He opened the meeting at the Diaoyutai State Guest House expressing praise for the healthy development of bilateral ties in 2006 and optimism about the upcoming year. Describing 2006 as an important year in United States-China relations, AFM He said President Hu's trip to the United States last April was a great success. At the same time, China and the United States face an even more crucial year in 2007, which presents a number of key challenges and opportunities. Determined to build on recent positive progress, China hopes to cooperate with the United States to move the relationship to a new high.

¶4. (C) Outlining upcoming high-level exchanges, AFM He said China is currently focused on the June meeting of the G-8 plus five developing countries in Germany, noting Beijing's desire for a meeting between

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President Bush and President Hu. Beyond the G-8, China hopes the two leaders will meet at the September APEC Summit in Sydney. For China, early preparation to ensure the success of these two meetings is crucial, AFM He related. Below the Heads of State level, AFM He observed that State Councilor Wu Yi will travel to the United States in May as the Special Representative of President Hu for the Strategic Economic Dialogue (SED). Building on the achievements of the SED's inaugural round last December is important for China and is part of its overall effort to defuse tensions with the United States Congress. Mindful of such challenges, China has agreed to continue exchanges between the National People's Congress and the Senate and House of Representatives. The Inter-Parliamentary Exchange process chaired by NPC Vice Chairman Sheng Huaren and Senators Stevens and Inouye will proceed in 2007 with a meeting next week in Hawaii and in Alaska this summer, AFM He said.

¶5. (C) Foreign Minister Li Zhaoxing hopes to remain in close contact with Secretary Rice in the coming year and is considering arranging a visit to the United States in September as part of his involvement in the United Nations General Assembly. Meanwhile, China looks forward to another visit from the Secretary and would welcome hosting National Security

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Advisor Hadley and Secretary of Defense Gates. China hopes to receive Deputy Secretary-designate Negroponte at an early date and to resume the Senior Dialogue. In this context, AFM He said China is keen to expand the Senior Dialogue's sub-dialogues, specifying that the Policy Planning exchange will occur at the end of January and proposing an early March timeframe for the sub-dialogue on the Middle East and Africa. AFM He envisions discussions on Central and South Asia and other regions in coming months. In addition, MFA

Director General for North American and Oceanian Affairs Liu Jieyi would like to establish a regional consultation mechanism with his counterpart in Washington, AFM He related.

16. (C) AFM He added that during his April visit to the United States, President Hu invited 100 teachers and students from Yale University to visit China in 2007. This is a significant event that merits support from the top leadership in the United States, AFM He said. As such, China hopes that President Bush will agree to meet with the Yale group prior to their departure on the visit.

17. (C) A/S Hill affirmed that the United States also has a positive view of the development of bilateral ties and looks forward to continuing the productive exchanges that occurred last year. The United States is pleased with the SED and looks forward to more tangible progress in the next round. Meanwhile, FM Li is always welcome to visit the United States. As for Deputy Secretary-designate Negroponte, the hope is he will be confirmed by the Senate in the near future and then make an early visit to China with a view to resuming the Senior Dialogue. Negroponte, as a former Ambassador to the Philippines, has a longstanding interest in Asia and the Secretary has asked him to pay special attention to Northeast Asian issues. At the same time, the United States welcomes increased exchanges on regional matters such as Sudan, about which Special Envoy Natsios recently concluded fruitful discussions in Beijing. We are also concerned about governance issues in Fiji and Oceania, A/S Hill said, stressing the importance of donor states remaining in good communication.

Six-Party Talks, Possible Ministerial

18. (C) A/S Hill observed that the DPRK nuclear issue influences the overall tenor of the United States-China relationship. Stressing the need to make tangible and concrete progress on denuclearization of North Korea, A/S Hill emphasized the need for Beijing to do more to press Pyongyang while highlighting the

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value of holding the next round of the Six-Party Talks in the coming weeks. The international community is rightfully skeptical, so making real progress is essential to showing that the PRC-hosted Six-Party process is alive and well. Reiterating U.S. commitment to an Early Harvest, A/S Hill underscored that progress remains strictly tied to North Korean denuclearization. AFM He responded that China is pleased with the recent contacts between the United States and DPRK and the resulting advancement of the Six-Party process.

Business and Energy Cooperation

19. (C) Smooth progress continues in the realm of United States-China economic cooperation, AFM He remarked, characterizing such ties as an important foundation for the overall bilateral relationship. The SED and the Joint Commission on Commerce and Trade (JCCT) offer useful mechanisms for resolving disagreements. Nonetheless, AFM He sounded a cautionary note, speculating that the new Congress and "small interest groups" could present some "disturbances" by "turning economic disputes into political issues." For its part, China will continue to take steps to address U.S. concerns by encouraging more imports, cracking down on intellectual property rights violations and assisting American companies

that want to do business in China. Meanwhile, China hopes the United States will resist protectionism. In this vein, AFM He urged the Administration to work with Congress to end restrictions on high-tech exports to China and to create a "level playing field" for Chinese companies that want to invest in and do business in the United States. Similarly, AFM He commented that China looks forward to expanding bilateral energy cooperation, pointing to the approval in December of the Westinghouse reactor deal as a positive development.

¶10. (C) A/S Hill observed that the Department of Commerce and the United States Trade Representative office would soon be dispatching a team to Beijing to discuss the full range of issues. As for the changes in the legislative branch, A/S Hill emphasized that it is in China's interest to be open-minded and engage with the new Congress. A/S Hill said the United States appreciates the Westinghouse decision and the fact that its announcement happened at the time of the SED, providing an indication of the positive results the forum can achieve. However, noting the upcoming SED in May, he stressed that we will look for more substantive progress on trade issues.

Law Enforcement, Counterterrorism, Nonproliferation

¶11. (C) Law enforcement and counterterrorism cooperation are strong and getting stronger, AFM He said. China looks forward to enhanced coordination on Olympic security issues as well as on tracking and apprehending fugitives and illegal immigrants. As for counterterrorism, China is eager to increase collaboration with the United States, particularly in the realm of combating "East Turkestan separatists," AFM He said. China hopes the United States will support Chinese efforts to designate the East Turkestan Liberation Organization (ETLO-SHAT) as a terrorist group under UN sanctions rules and urges the United States repatriate to China any Uighur prisoners at Guantanamo Bay. A/S Hill responded that the United States has no interest in supporting separatist groups but that the problem on the ETLO-SHAT issue is that China has not yet provided the kind of concrete and current information necessary to convince us to back designation. Noting China's successful recent raid in Xinjiang against the East Turkestan Independence Movement (ETIM) (ref C), a group the United States and the UN have identified as a terrorist organization, A/S Hill said the United States looks forward to continuing to work with China in fighting terrorism.

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¶12. (C) On the subject of nonproliferation cooperation, AFM He said China welcomes the United States decision in December to lift sanctions against Great Wall Airlines. However, China hopes the United States will lift sanctions against other companies. Such actions would pave the way for even greater collaboration in fighting proliferation of WMD and related materials, AFM He stated.

North Koreans in China

¶13. (C) Turning to the issue of North Koreans in China, A/S Hill praised China for its willingness to cooperate to resolve specific cases involving the United States. At the same time, A/S Hill stressed the importance of a more systematic approach, urging better cooperation with the UN High Commission for Refugees (UNHCR) to ensure proper treatment for North

Koreans in China. In particular, this means guaranteeing that North Koreans are not expelled to the DPRK. Acknowledging that China has previously raised concern that it avoid encouraging an influx of fugitives from North Korea, A/S Hill nonetheless reminded AFM He that the refugees who are forced to return to the DPRK face intolerable danger. Without going into detail, AFM He repeated the position he has expressed in previous meetings on the issue, specifically that China will continue to handle it in accordance with "international law, domestic law and humanitarian principles," adding that Beijing also considers U.S.-China relations. AFM He encouraged the United States to "educate" American non-governmental organizations and individuals regarding Chinese laws on the matter, claiming that recent actions by some groups and individuals have "had very dangerous consequences."

Human Rights: Discussions, Rebiya Kadeer, FLG Cases

¶14. (C) A/S Hill repeated the longstanding invitation from Assistant Secretary of State for Democracy, Human Rights and Labor Lowenkron to AFM Cui Tiankai to come to Washington for discussions on human rights. Expressing hope that AFM Cui would agree to attend meetings on this and other subjects, A/S Hill said that if such a trip is impossible, we would also welcome a representative at the Director General level. We do not want human rights issues to be an irritant in the relationship. Instead, the United States would like to see it become a positive aspect of our ties.

¶15. (C) AFM He concurred that China wants human rights to become a positive part of the relationship, adding that VFM Yang Jiechi and U/S Burns had discussed the issue recently in Washington (ref D). For now, China believes it is appropriate for working level officials to continue contacts on human rights issues. Nonetheless, China will consider the United States proposal to have a DG-level exchange.

¶16. (C) Meanwhile, AFM He criticized the United States for allegedly posting on the State Department web site a photo of Assistant Secretary of State for Population, Refugees and Migration Sauerbrey meeting with Rebiya Kadeer, whom he described as a "terror activist." A/S Hill said that the U.S. position against all forms of terrorism should need no explanation, while noting that we disagree on a number of issues surrounding PRC allegations of terrorist links by East Turkestan groups. In addition, at the end of the meeting, AFM He raised the issue of Falun Gong "harassment of Chinese officials" and law suits. On the former, AFM He said Chinese officials, including those at the table, were subject to harassing calls from the Falun Gong in the United States. On the latter, AFM He requested that the United States "do something" to prevent a default judgment in a Federal District Court in which Falun Gong representatives have filed a motion for a default

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judgment against China Central Television. Reminding AFM He of the separation of powers between the executive and judicial branches in the United States, A/S Hill responded that the State Department will consider filing briefs when courts ask us to do so. In a subsequent conversation, the DCM urged that the Chinese hire a lawyer and appear in court to contest jurisdiction.

Taiwan

¶17. (C) Turning to Taiwan issues, AFM He asserted that according to China's analysis, the coming two years will be a dangerous and sensitive time in terms of cross-Straits relations. It is important for the United States and China to remain in close contact to forestall any serious problems from emerging. Chen Shui-bian has intensified his push for constitutional reform and de jure independence through the "Second Republic" approach, AFM He claimed. China hopes the United States will honor its commitments and that President Bush will reiterate American support for the One-China Policy. As part of this, China encourages the United States to be cautious on all Taiwan-related issues. AFM He specified two areas of concern: a) the sale of sophisticated weapons systems to Taiwan, which China opposes and b) official contacts between authorities from Taiwan and the United States, including during transit stopovers.

¶18. (C) On the latter point, AFM He said China is dissatisfied with the United States' arrangements for Chen Shui-bian's recent stopovers and his visit to Nicaragua. China views as transgressions Chen's alleged meeting with Secretary of Health and Human Services Leavitt in Nicaragua and a reported phone call with Under-Secretary of State for Political Affairs Burns during a transit stop in the United States. Nonetheless, AFM He said China noted that the United States had taken steps to limit Chen's activities. Looking ahead, AFM He claimed that China has information indicating that Secretary of Agriculture Johannes intends to visit Taiwan in the near future; cabinet-level contacts would constitute a "serious issue." Referring to previous meetings with the DCM and Ambassador Randt, AFM He voiced concern about moves the United States and Japan are reportedly jointly making in terms of military planning regarding Taiwan (ref A). In conclusion, AFM He said China urges the United States to oppose Taiwan membership in international organizations such as the United Nations and the World Health Organization and to refrain from negotiating a free trade agreement with Taiwan.

¶19. (C) A/S Hill reiterated that the United States position on Taiwan remains unchanged. We continue to adhere to our one-China policy based on the three Joint Communiqués and the Taiwan Relations Act. Our one-China policy is not an empty slogan. While the United States has an obligation under the Taiwan Relations Act to assist Taiwan with its defense needs, we always do so with care and are mindful of the overall stability of the Strait. As for transit stops, we permit them out of consideration for the safety, comfort, convenience and dignity of the traveler. Because Mexico refused to allow Chen's aircraft overflight privileges, the United States felt compelled to offer Chen an additional overnight stop on his return to Taiwan, an offer Chen refused. On AFM He's claim that U/S Burns communicated with Chen, A/S Hill noted that China has incorrect information on the subject.

¶20. (C) Agreeing that 2007-2008 will be an important period for Taiwan, A/S Hill stressed that our view is that to resolve key issues, the Mainland should have direct contact not only with opposition figures but with Taiwan's elected officials as well. We oppose unilateral moves on either side that disrupt the status quo. A/S Hill assured AFM He that the United States will follow developments closely and will continue to seek stability across the Strait.

¶21. (C) Moving to the topic of regional cooperation, AFM He reported that the recent East Asian Summit (EAS) meeting in Cebu focused mainly on four areas, namely energy security, financial issues, disaster relief and combating avian influenza. AFM He outlined four key themes that form the backbone of the various regional structures and animate the movement toward strengthened regional ties:

-- Economic cooperation. All nations in the region want to see common development and prosperity in East and Southeast Asia. This involves sharing among neighbors our experiences in development, as well as our information and technology, so that all can reap benefits.

-- Regional Security. China envisions regional development occurring in a stable environment, where countries are able to settle differences peacefully and through dialogue. As part of this, nations should be able to respond jointly to crises.

-- Respect for the diversity of social and political systems. Because East and Southeast Asian countries have different characteristics and have proceeded on the path to development on an uneven pace, each case is different and should be approached in a "step by step manner." China welcomes the involvement of ASEAN or "countries outside the region" in this regard.

-- Promotion of good international relations. In building regional ties, China and its neighbors are not looking to exclude the United States or others. Instead, ASEAN and the other forums welcome contacts with the United States, the European Union or other relevant countries or multilateral groupings.

¶22. (C) A/S Hill agreed with AFM He but said that more needs to be done to put to rest the idea that the United States and China are involved in some kind of competition in Southeast Asia. In this context, no country should feel that it is in a position where it has to choose between good relations with China or good relations with the United States. We need to think of ways to demonstrate cooperation in the region. For example, the United States and China could conduct a joint disaster relief exercise with ASEAN in Indonesia. Going a step further, we could involve American and all Asian Regional Forum militaries in an ambitious humanitarian mission to set up a field hospital on a beach near a tsunami-ravaged village. Such joint projects could advance cooperation and, as a practical matter, enhance our ability to handle natural disasters when they arise.

¶23. (C) AFM He dismissed the notion that the United States and China are in competition in East or Southeast Asia and agreed that we must ensure that countries are able to enjoy good relations with both. A demonstration on the ground that the United States and China can and do have a cooperative relationship could be a vital part of this. AFM He said he appreciated A/S Hill's suggestions and recommended that DG-level officials focused on Asian affairs pursue the idea, possibly in the context of the Senior Dialogue regional sub-dialogue. In any case, AFM He said, we should make sure to follow up on the proposal and "look into it very seriously."

Sudan: China Being "Constructive"

¶24. (C) A/S Hill urged China to use its influence to get Khartoum to agree to a peacekeeping force under UN command and control for Darfur. He added that Special

Envoy Natsios' recent good consultations in Beijing and AFM Zhai Jun's trip to Sudan encouraged a degree of optimism. Khartoum's statements cannot be taken at

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face value, however, and the United States and China must work in tandem to resolve the crisis.

¶25. (C) Sounding an upbeat note about Special Envoy Natsios' visit, AFM He nonetheless said he "took on board" what A/S Hill said about not believing everything Khartoum says. Such cautions notwithstanding, AFM He related that Khartoum has indicated it accepts former Secretary-General Annan's plan. China takes the Darfur issue very seriously and plays a constructive role in helping to resolve it. President Hu met with Sudan President Bashir during the Africa summit Beijing hosted in early November; the Chinese leader will likely travel to Sudan in the near future. As the discussions progress, China will keep in contact with the United States side, AFM He pledged. AFM He added that he recently spent a full hour with the actor George Clooney talking about Darfur.

Iran: Nuclear Program, Possible CNOOC Deal

¶26. (C) A/S Hill said we are seeing signs in Iran that impatience is growing with President Ahmadinejad's approach to the nuclear issue. This represents a "seedling of hope" that Iran's leaders are concerned about further isolation if President Ahmadinejad proceeds with his confrontational tack. To encourage that hope, the United States and China should cooperate closely in the coming weeks. If the IAEA finds Iran non-compliant with Security Council Resolution 1737 when it presents its report on February 21, one possible option could be further Council action. We do not necessarily favor such action, but if Iran has the perception that the United States and China are in lockstep on the issue, this would send a powerful message to Tehran that compliance is their only viable choice.

¶27. (C) On the topic of energy dealings with Iran, A/S Hill said we were pleased to hear VFM Yang's January 5 comment to U/S Burns that media reports of China National Offshore Oil Company's (CNOOC) deal were exaggerated and that there have only been preliminary discussions. Nonetheless, A/S Hill stressed that even preliminary discussions attract intense scrutiny from the United States Government and Congress. If a deal is struck, it could trigger sanctions that, under existing law, the United States would not be able to waive. This is an area where China would benefit from taking a broader view of its interests, A/S Hill underlined.

¶28. (C) AFM He stated that on the Iran nuclear issue, the United States and China have "no strategic differences." The matter is a thorny one and involves not just Iran's own ambitions but the peace and stability of the Middle East region as a whole. Many scholars view Iraq instability, outside interference in Lebanon, the Palestinian-Israeli conflict and other issues as being intertwined, AFM He commented. Although AFM He agreed with A/S Hill that the United States and China need to cooperate on Iran, he maintained that in China's view, applying new sanctions through a Security Council resolution would not be a productive way forward. China will continue to work with the United States, AFM He pledged, as evidenced by the prompt briefing the Chinese side provided after the recent visit to Beijing of Iranian Special Envoy Larijani.

¶29. (C) AFM He related that he understands CNOOC is in preliminary discussions on development of gas resources in northern Iran. China and Iran have a "normal business relationship," AFM He said, adding that Iran is a large energy producing country and China needs energy to fuel its continued economic growth. The CNOOC discussions represent "normal commercial activity" and are not aimed at any third country, AFM He claimed. China hopes the United States will handle such issues with a cool head and not take provocative steps. He remarked, however,

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that China takes note of the United States' concerns.

Burma

¶30. (C) A/S Hill urged that the United States and China move forward on Burma and expressed hope that China will work with the United States to improve conditions in Burma. In this context, A/S Hill urged China not to allow Burma to "hide behind you and abuse your neighborly relations." Moving past the negative result at the UN, A/S Hill suggested that the United States and China should identify a way to demonstrate that we share common goals on Burma. In addition, the UN should play a role in promoting reform. Nonetheless, China has a crucial part to play. For example, China should use its influence to impress upon the Burmese leadership that the continued house arrest of Aung San Suu Kyi harms Burma's own interests. "More people in the world recognize the name 'Aung San Suu Kyi' than they do 'Myanmar,'" A/S Hill observed.

¶31. (C) That we wound up in a situation where China vetoed a United States-sponsored Security Council Resolution reflects the "immaturity" of our bilateral relationship, AFM He responded. Nonetheless, the "no" vote should not be construed as an indication that we have different positions on the Burma issue. But the circumstances in Burma are unique, AFM He assessed, and in China's view they do not call for a "forceful" response. The UN role is a useful one. AFM He intimated that if the United States had tabled a Presidential Statement PRST, the Chinese side would have "seriously looked into it."

Haiti and MINUSTAH

¶32. (C) A/S Hill urged China to support the Security Council resolution authorizing the full renewal of the MINUSTAH mandate (ref C). AFM He said that China supports the peacekeeping operation but that what Haiti is doing regarding Taiwan harms China's national interests. A/S Hill admonished AFM He for China's poor track record in this regard. As former Ambassador to Macedonia, A/S Hill watched first-hand as the country almost disintegrated in the wake of China's vetoing a UN peacekeeping force because Macedonia had recognized Taiwan for 14 months. China remains in favor of peacekeeping operations, AFM He responded, but must always be mindful of Taiwan.

¶33. (U) Participants:

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